Maritime Provinces Higher Education Commission

Financial Statements
March 31, 2014

pwc

June 26, 2014

Independent Auditor's Report

To the Members of
Maritime Provinces Higher Education Commission

We have audited the accompanying financial statements of **Maritime Provinces Higher Education Commission**, which comprise the balance sheet as at March 31, 2014 and the statements of committed funds, revenue and expenditures – grants, revenue and expenditures – administration and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Maritime Provinces Higher Education Commission as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers LLP
Summit Place, 1601 Lower Water Street, Suite 400, Halifax, Nova Scotia, Canada B3J 3P6
T: +1 902 491 7400, F: +1 902 422 1166

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Maritime Provinces Higher Education Commission

Balance Sheet

As at March 31, 2014

	2014 $	2013 $
Assets		
Cash	13,262,055	10,264,009
Prepaid expenses	22,361	44,721
Amounts due from		
Government of Canada	7,392,008	7,402,279
New Brunswick	32,718,805	39,439,718
Newfoundland and Labrador	216,000	242,000
Nova Scotia	476,293	–
Prince Edward Island	–	800,000
Other receivables (note 3)	45,053	79,180
	54,132,575	58,271,907
Liabilities		
Accounts payable and accrued liabilities (note 4)	126,188	193,114
Amount due to the Council of Atlantic Premiers	1,273	3,023
Amounts payable to institutions		
Operating grants	21,090,010	24,810,623
Capital grants	94,343	–
Other	7,392,008	7,402,279
Deferred revenue	124,006	85,104
	28,827,828	32,494,143
Committed Funds		
Operating grants	25,022,310	25,046,754
Capital grants	282,437	731,010
	25,304,747	25,777,764
	54,132,575	58,271,907

Commitments (note 5)

Approved by the Board of Directors

Director

Director

Maritime Provinces Higher Education Commission

Statement of Committed Funds

For the year ended March 31, 2014

	New Brunswick $	Nova Scotia $	Prince Edward Island $	Other $	2014 Total $	2013 Total $
Operating grants						
Balance – Beginning of year	18,141,009	515,001	6,388,203	2,541	25,046,754	26,302,976
Excess of revenue over expenditures (expenditures over revenue) for the year	(2,258,435)	45,425	2,278,566	–	65,556	(1,166,222)
Transfer to administration	(90,000)	–	–	–	(90,000)	(90,000)
Balance – End of year	15,792,574	560,426	8,666,769	2,541	25,022,310	25,046,754
Capital grants						
Balance – Beginning of year	714,660	–	16,350	–	731,010	1,722,369
Excess of expenditures over revenues for the year	(448,573)	–	–	–	(448,573)	(991,359)
Balance – End of year	266,087	–	16,350	–	282,437	731,010
Committed funds – End of year	16,058,661	560,426	8,683,119	2,541	25,304,747	25,777,764

Maritime Provinces Higher Education Commission

Statement of Revenue and Expenditures – Grants

For the year ended March 31, 2014

	New Brunswick		Nova Scotia (note 1)		Prince Edward Island		Other		Total	
	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $
Operating grants										
Revenue										
Grants										
Unrestricted	261,849,076	266,858,218	476,293	490,000	56,037,897	55,028,199	–	–	318,363,266	322,376,417
Restricted	9,555,097	9,555,097	–	–	13,056,100	12,241,776	–	–	22,611,197	21,796,873
Other	–	–	–	–	–	–	7,307,673	7,401,407	7,307,673	7,401,407
	271,404,173	276,413,315	476,293	490,000	69,093,997	67,269,975	7,307,673	7,401,407	348,282,136	351,574,697
Expenditures										
Grants										
Unrestricted (Schedule A)	262,999,636	266,380,510	430,868	337,343	54,493,476	55,294,228	–	–	317,923,980	322,012,081
Restricted (Schedule B)	10,662,972	10,996,365	–	–	12,321,955	12,331,066	–	–	22,984,927	23,327,431
Other activities (note 6)	–	–	–	–	–	–	7,307,673	7,401,407	7,307,673	7,401,407
	273,662,608	277,376,875	430,868	337,343	66,815,431	67,625,294	7,307,673	7,401,407	348,216,580	352,740,919
Excess of revenue over expenditures (expenditures over revenue) for the year	(2,258,435)	(963,560)	45,425	152,657	2,278,566	(355,319)	–	–	65,556	(1,166,222)
Capital grants										
Revenue	2,000,000	7,500,000	–	–	–	–	–	–	2,000,000	7,500,000
Expenditures (Schedule C)	2,448,573	8,491,359	–	–	–	–	–	–	2,448,573	8,491,359
Excess of expenditures over revenue for the year	(448,573)	(991,359)	–	–	–	–	–	–	(448,573)	(991,359)

Maritime Provinces Higher Education Commission

Statement of Revenue and Expenditures – Administration

For the year ended March 31, 2014

	2014 $	2013 $
Revenue		
Contributions		
New Brunswick	556,381	552,816
Nova Scotia	684,052	693,042
Prince Edward Island	103,481	102,473
Transfers from operating reserves		
New Brunswick	90,000	90,000
Project revenue	218,980	180,459
	1,652,894	1,618,790
Expenditures		
Salaries and benefits	1,110,120	1,082,050
Office rent	101,420	104,407
Professional services	182,027	112,311
Other services	39,803	43,639
Travel		
Board members	11,490	19,312
Other travel	22,367	24,023
Per diem allowance	6,750	7,875
Office supplies, books and subscriptions	17,559	12,299
Publications	6,527	28,343
Office furniture and equipment	35,507	28,509
Special projects, committees and other (note 7)	118,124	153,035
	1,651,694	1,615,803
Excess of revenue over expenditures for the year (note 8)	1,200	2,987

Maritime Provinces Higher Education Commission

Statement of Cash Flows

For the year ended March 31, 2014

	2014 $	2013 $
Cash provided by (used in)		
Operating activities		
Excess of expenditures over revenue for the year - Grants	(383,017)	(2,157,581)
Transfer to administration	(90,000)	(90,000)
Net change in non-cash working capital balances related to operations		
Decrease (increase) in prepaid expenses	22,360	(44,721)
Decrease (increase) in amounts due from		
Government of Canada	10,271	165,273
New Brunswick	6,720,913	(247,520)
Newfoundland and Labrador	26,000	(232,527)
Nova Scotia	(476,293)	522,951
Prince Edward Island	800,000	(645,000)
Decrease (increase) in other receivables	34,127	(30,749)
Decrease (increase) in amounts due to the Council of Atlantic Premiers	(1,750)	45,573
Increase (decrease) in accounts payable and accrued liabilities	(66,926)	118,050
Increase (decrease) in amounts payable to institutions		
Operating grants	(3,720,613)	4,130,298
Capital grants	94,343	(482,909)
Other	(10,271)	590,071
Increase in deferred revenue	38,902	68,999
Net change in cash during the year	2,998,046	1,710,208
Cash - Beginning of year	10,264,009	8,553,801
Cash - End of year	13,262,055	10,264,009

Maritime Provinces Higher Education Commission

Notes to Financial Statements

For the year ended March 31, 2014

1 Content of these financial statements

In accordance with the Maritime Provinces Higher Education Commission Acts (Section 18, New Brunswick and Prince Edward Island; Section 19, Nova Scotia), the provinces have the option of paying grants to the institutions, either directly or through the Maritime Provinces Higher Education Commission (the "Commission" or "MPHEC"). Since the Province of Nova Scotia makes direct payments to Nova Scotia institutions, these financial statements include only the operating and capital grant payments to New Brunswick and Prince Edward Island institutions.

2 Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") as issued by the Canadian Accounting Standards Board.

Management estimates

The presentation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Property, plant and equipment

The Commission expenses capital assets in the year of acquisition. Had the Commission capitalized and amortized its capital assets, its balance sheet would reflect office equipment and furniture, computer hardware and software and leasehold improvements with a net book value of approximately $82,212 (2013 - $72,873).

Pension plan

The Commission participates in the Pension Plan for Employees of the Council of Atlantic Premiers and Participating Employers. Pension expense is recognized when plan contributions are made or become due. During the year, the Commission recognized pension expenses of $280,778 (2013 - $270,668).

Financial instruments

The Commission is exposed to normal credit risk with respect to its amounts receivable. Provisions are maintained for potential credit losses and no such losses have been recognized to date. Management believes the Commission is not exposed to any significant credit risk and no provision for doubtful accounts has been recorded in the accounts.

3 Other receivables

Included in other receivables are government remittances receivable relating to HST and GST of $23,402 (2013 - $59,180).

4 Accounts payable and accrued liabilities

Included in accounts payable are government remittances payable relating to payroll of $1,164 (2013 - $1,080).

5 Commitments

Office facilities

Future minimum annual lease commitments under a long-term lease for office facilities and office equipment are as follows:

	$
Year ending March 31, 2015	89,793
2016	24,758

6 Other activities

During the year, the Commission disbursed funds on behalf of the following:

	2014 $	2013 $
Government of Canada – Contribution to institutions under the Canada/New Brunswick Official Languages in Education Agreement	5,546,673	5,501,673
Government of Canada – Contribution program to improve access to health services for official languages minority communities	745,000	859,720
Province of Prince Edward Island – Medicine	800,000	800,000
Province of Newfoundland and Labrador – Medicine	–	(1,986)
Province of Newfoundland and Labrador – Rehabilitation program seats	216,000	242,000
	7,307,673	7,401,407

7 Special projects, committees and other

	2014 $	2013 $
Graduate follow-up surveys	84,830	116,001
MPHEC conference/workshop/collaboration	3,682	18,403
Committees and other	29,612	18,631
	118,124	153,035

8 Revenue and expenditures – Administration

The unallocated excess of revenue over expenditures for the year for Administration is considered to be part of the Consolidated Fund and accordingly is included in the amount due to the Council of Atlantic Premiers.

Maritime Provinces Higher Education Commission

Schedule of Unrestricted Grants Expenditures

For the year ended March 31, 2014 **Schedule A**

	2014 $	2013 $
New Brunswick		
Institutions		
Maritime College of Forest Technology	2,029,153	2,029,153
Mount Allison University	19,639,247	19,639,247
St. Thomas University	11,842,090	11,617,090
Université de Moncton	69,936,542	72,424,183
University of New Brunswick	116,049,613	115,860,918
University of Prince Edward Island – Atlantic Veterinary College	5,242,704	5,242,704
	224,739,349	226,813,295
Interprovincial transfers		
Université de Sherbrooke	1,625,343	1,810,735
Province of Newfoundland and Labrador	2,360,000	2,338,000
Province of Nova Scotia	5,460,900	7,075,100
Province of Ontario	41,925	42,277
Dalhousie University	8,247,645	8,030,757
Province of Québec	6,322,804	6,348,927
	24,058,617	25,645,796
Grants in lieu of Municipal Real Property Taxes	14,061,173	13,783,315
Other	140,497	138,104
	262,999,636	266,380,510
Nova Scotia		
Interprovincial transfers		
Province of Québec	357,063	337,343
Go Survey	73,805	–
	430,868	337,343
Prince Edward Island		
Institutions		
Holland College	17,385,600	17,402,400
University of Prince Edward Island	30,269,602	30,269,599
	47,655,202	47,671,999
Interprovincial transfers		
Province of Nova Scotia	6,607,490	7,494,580
Province of Ontario	13,642	13,759
Province of Québec	37,560	70,286
	6,658,692	7,578,625
Other	179,582	43,604
	54,493,476	55,294,228
	317,923,980	322,012,081

Maritime Provinces Higher Education Commission

Schedule of Restricted Grants Expenditures

For the year ended March 31, 2014 **Schedule B**

	2014 $	2013 $
New Brunswick		
Maritime College of Forest Technology	40,516	286,719
Mount Allison University	974,990	974,990
St. Thomas University	232,797	354,281
Université de Moncton	4,079,633	3,112,875
University of New Brunswick	4,552,262	5,373,228
Joint Project – Computer Network	782,774	894,272
	10,662,972	10,996,365
Prince Edward Island		
Holland College	5,513,052	5,859,217
University of Prince Edward Island	6,691,771	6,353,164
Joint Project – Computer Network	117,132	118,685
	12,321,955	12,331,066
	22,984,927	23,327,431

Maritime Provinces Higher Education Commission

Schedule of Capital Grants Expenditures

For the year ended March 31, 2014 **Schedule C**

	2014 $	2013 $
New Brunswick		
Mount Allison University	193,526	704,250
St. Thomas University	131,000	904,125
Université de Moncton	1,075,436	2,099,925
University of New Brunswick	1,048,611	4,783,059
	2,448,573	8,491,359